



**Treasury Inspector
General for Tax
Administration**

Inspections and Evaluations

Highlights

Highlights of Report Number: 2009-IE-R002 to the Internal Revenue Service Deputy Commissioner, Operations Support.

WHY TIGTA DID THIS STUDY

Federal employees can modify their work schedules to work compensatory time in order to take time off for religious observances without being forced to lose pay or use annual leave. Compensatory time for religious observances is referred to as religious compensatory time (RCT). An employee may work RCT before or after the religious observance. In March 2006, the Internal Revenue Service (IRS) noted that some of its employees had excessive RCT balances. The overall objective of this inspection was to determine whether employees have accumulated large RCT balances or received large advances of RCT beyond the intended legal purpose.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the IRS Human Capital Officer revise RCT procedures to require that all requests for RCT be submitted in writing, ensure that advance RCT is repaid in a timely manner, and that both employees and managers receive training on the proper use of RCT and the potential abuses. The Human Capital Officer should also work with the Chief of Agency-Wide Shared Services to create a process to generate a semiannual report of employees with excessive RCT balances and require that IRS operating divisions and business units document the actions they will take to address the excessive balances.

IRS management agreed with our recommendations, proposing slight different approaches in two instances. The IRS plans to revise its policies related to the use and management of RCT. The IRS also plans to develop web-based training and guidance consistent with its revised RCT policies.

TO PREVENT THE POSSIBLE WIDESPREAD ABUSE OF RELIGIOUS COMPENSATORY TIME, ADDITIONAL CONTROLS ARE NEEDED

Issued on February 27, 2009

IMPACT ON TAXPAYERS

Taxpayers' confidence in the integrity of the Internal Revenue Service (IRS) could be jeopardized if IRS employees abuse the RCT provisions for personal gain. Additionally, if the IRS does not properly control the accrual and use of RCT, the IRS has to compensate separated employees with a RCT balance. The funds to compensate them for the RCT come from program operating budgets.

WHAT TIGTA FOUND

TIGTA found that about 2.6 percent of IRS employees had either a positive or negative RCT balance. Of that number, only 86 had balances that we considered to be excessive. While the issue of excessive RCT balances is not widespread within the IRS, the accumulation of excessive balances increases the risk that RCT may be used for unintended purposes. This includes using RCT to receive a lump sum payment upon separation or retirement from the IRS, take time off for illnesses, or circumvent regulations designed to limit employee pay.

The IRS has taken several steps to improve controls applicable to RCT. For example, the IRS formed a task force to study the problem and issued guidance for related to the proper use of RCT. However, additional measures are required to reduce the risk that employees will abuse RCT.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/iereports/2009reports/2009IER002fr.pdf>